Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

Government-wide Statements (Continued)

The County has elected not to capitalize the collection of museum historical artifacts because these assets meet the criteria stated above that qualify the collections for exemption from the capitalization requirement.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Compensated Absences

County employees are granted sick and annual vacation leave in varying amounts in accordance with administrative policies and union contracts. County employees are requested to use all accumulated vacation time earned before the end of the subsequent calendar year. In the event of termination or retirement, the employees are paid for accumulated vacation days.

Generally, accumulated sick pay is forfeited upon termination other than retirement. When an employee retires, accumulated sick leave benefits vest. Most represented employees are entitled to full payment for accumulated sick pay upon retirement. Full payment is either made in cash or is used to pay for post-employment health insurance costs of the employee. In 2007, various unions agreed to a reduction in cash sick leave payouts made at retirement for new sick leave earned. Non-represented employees who retire are entitled to payment for accumulated sick leave up to a maximum of 400 hours plus 16 hours per 100 hours, or fraction thereof, of accrued sick leave in excess of the 400 hours, instead of full payment for all accumulated sick leave. Payments for retiree sick pay benefits were $ 6,067 in 2007 and $ 1,505 in 2006. In 2007, the County settled a lawsuit brought by non-represented employees related to sick leave benefits due at retirement. The 2007 sick pay benefits include $3,948 in payments made to non-represented employees as a result of this lawsuit.

Amounts of vacation and sick pay earned and vested by employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the business-type activities and governmental activities the short-term portion

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Compensated Absences (Continued)

is $ 6,727 and $ 25,583, respectively. The long-term portion of compensated absences, generally for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded in the governmental funds.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Gains and losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount and gains or losses, as applicable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The 1993 Refunding Bonds included zero coupon bonds, which were sold at a deep discount. These zero coupon bonds mature in the last three years of the bond issue beginning in 2009. The discount on the 1993 zero coupon bonds are amortized as accretion (interest expense) over the life of the bonds in the government-wide and in the proprietary fund type financial statements.

8. Equity Classifications

<u>**Government-wide Statements**</u>

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. Equity Classifications (Continued)

Government-wide Statements (Continued)

reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

b. Restricted net assets- Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicated it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Statutes of the State of Wisconsin require that the surplus/deficit of all departments of the County be determined in accordance with GAAP based on fund financial statements. The amount of any surplus/deficit of the current year is reserved by County Ordinance 32.91(4) a (4) and is used to reduce/increase property tax levy in the subsequent budget period.

The Board of Supervisors may by two-thirds vote, adopt a resolution prior to the adoption of the tax levy authorizing the use of the surplus in whole to retire outstanding general obligation bonds of the County. The Board of Supervisors may also by two-thirds vote adopt a resolution authorizing the surplus to be used to provide funds for emergency needs, as defined under the Statutes. The surplus cannot be used for any other purposes except those stated above.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

9. Allowance for Doubtful Accounts

The County's Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's Aging Care Maintenance Organization (Aging CMO) provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service copayments. BHD and Aging CMO both adjust revenue in the current year of operations for the difference between billed charges and expected reimbursement. In as much as the adjustment is an estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. At December 31, 2007, the total allowance for both BHD and Aging CMO was $ 9,367. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2007. All allowances are netted against receivables for financial statement presentation.

10. Capitalization of Interest

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During 2007, the amount of capitalized interest was $ 3,522.

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. The liability for rebateable arbitrage was $ 171 as of December 31, 2007 and is recorded in the Debt Service Fund.

12. Landfill Post-Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

12. Landfill Post-Closure Costs (Continued)

active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities.

13. Capital Contributions

The capital contributions accounted for in the proprietary fund types represent contributions from other funds and state and federal grant programs. The contributions amount is reported after non-operating revenues and expenses on the statement of revenues, expenses, and changes in fund net assets in accordance with GASB Statement 34.

14. Unearned Revenues

Deferred revenues reported in the government-wide and proprietary financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

15. Pension Obligations

Pension expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of pension expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, pension expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual pension cost. The pension obligation/asset represents the difference between the annual required contribution plus interest, net of payments.

16. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as reservation of fund balance until expended. Encumbrances are not reflected as expenditures. Encumbrance appropriations are recorded as reservations of fund balance and are liquidated in subsequent years. Every

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

16. Encumbrances (Continued)

appropriation lapses at December 31, to the extent that it has not been expended or encumbered. Expenditures are recorded and encumbrances are liquidated when the services or materials are received.

17. Claims and Judgments

Claims and judgments are recorded as liabilities when the conditions of Statement of Financial Accounting Standards No. 5 have been met. Claims and judgments are liquidated with expendable available financial resources and are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

18. Other Post Employment Benefit Obligations

Other Post Employment Benefit (OPEB) expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of OPEB expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, OPEB expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual OPEB cost. The OPEB obligation represents the difference between the annual required contribution plus interest, net of payments.

Note 2- Stewardship, Compliance, and Accountability

Budgetary Information

All County departments are required to submit their annual budget requests for the ensuing year to the County Executive by June 15. The Department of Administration, acting as staff for the County Executive, reviews the requests in detail with the departments during June, July and August. After all of the requests have been reviewed, the County Executive submits his proposed Executive Budget to the Board of Supervisors. County Ordinance requires that this be done on or before October 1. The Board of Supervisors must complete its review and

Note 2- Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

adopt the budget on or before the first Tuesday after the second Monday in November.

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance- reserve for 2007 appropriations and encumbrances. For budget purposes, fund balance-reserved for 2007 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a reservation of fund balance.

The Board of Supervisors legally adopts annual budgets for the general, debt service, capital projects, enterprise and internal service funds. The legal level of budgetary control is by department. For budget purposes, the Debt Service and Capital Projects Funds are considered departments. Once the budget is adopted, transfers of appropriations among departments require approval by the board of supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. During the 2007 fiscal year, the Board of Supervisors adopted no supplemental appropriations.

Budgetary Basis of Accounting

The "Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis)- General Fund " is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In addition, Fund Balance Reserved for 2007 Appropriations is available for financial expenditures and is reflected as other financing sources (uses). The "Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds" is prepared on a basis consistent with GAAP. Under this method, encumbrances are considered a reservation of fund balance and charged to expenditures in the period in which goods or services are received. Encumbrance amounts at year-end are reflected as a component of the Fund Balance titled "Fund Balance (Deficit) Reserved for Encumbrances".

Note 2- Stewardship, Compliance, and Accountability (Continued)

Budgetary Basis of Accounting (Continued)

A reconciliation for the General Fund follows:

	Expenditures	Other Financing Sources (Uses)
GAAP Basis	$ 954,578	$ (93,524)
Encumbrances	9,946	-
Reserved for 2007 Appropriation	-	4,664
Transfers to Component Units	(6,356)	(6,356)
Non-GAAP Budgetary Basis	**$ 958,168**	**$ (95,216)**

Appropriations lapse at year-end except for capital projects, which are carried forward to the subsequent year.

County Tax Rate Limit (Amounts Expressed in Dollars)

Section 59.605 of the Wisconsin Statutes imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of $ 4.08 per $ 1,000 of equalized value and $ 1.42 per $ 1,000 of equalized value, respectively. For 2007, the County's actual operating and debt service levy rates were $ 3.19 per $ 1,000 of equalized value and $ .72 per $ 1,000 of equalized value, respectively.

Note 3- Deposits and Investments

The majority of the deposits and investments of the Primary Government, excluding the Pension Trust Fund, are maintained in a pool of cash and investments in which each fund participates on a dollar equivalent basis. Interest is distributed monthly to certain trust and agency funds, which have been designated as interest earning funds. The remaining investment earnings are provided as an offset to costs for the government as a whole. A "zero balance account" mechanism provides for the sweep of deposits made to bank accounts and the payment for checks presented against accounts. The Primary Government, excluding the Pension Trust, then makes a decision to either transfer funds to an investment manager for the purchase of government securities, or to maintain the funds in the financial institution. Funds sent to the investment manager are used to purchase investments that meet the County's investment policy and State Statute requirements. The net funds maintained at the financial institution will earn a guaranteed rate of return set to the current market LIBOR rates. The funds maintained at the financial institution are secured by collateral in the County's name at a Federal Reserve Bank.

Note 3- Deposits and Investments (Continued)

The following information presents the deposits and investments of the Primary Government, excluding the pension trust fund. The pension trust fund is presented at the end of the footnote, and will be designated as "Pension Trust Fund".

Reconciliation of Cash and Investments:

Statement of Net Assets:			
Cash and Investments		$	228,819
Cash and Investments- Restricted			77,032
	Subtotal	**$**	**305,854**
Statement of Fiduciary Net Assets:			
Cash and Investments			
Pension Trust Fund		$	1,611,263
Agency Fund			24,091
	Totals	**$**	**1,941,205**
Deposits-County/Agency		$	69,008
Investments-County/Agency			260,934
Pension Deposits			17,292
Pension Investments			1,593,971
	Totals	**$**	**1,941,205**

Cash Deposits

The carrying amount of the County's deposits at December 31, 2007 was $ 69,008 and the bank balance was $ 67,686.

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. Deposits with banks are insured by the FDIC in the amount of $ 100 and by the State Deposit Guarantee Fund in the amount of $ 400. The County does not have a deposit policy for custodial credit risk. Of the $ 67,686 of deposits with financial institutions, $ 2,733 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, $ 54,767 was collateralized with government securities held in a separate financial institution in the County's name, and $ 10,186 was uninsured and uncollateralized and is exposed to custodial credit risk.

Note 3- Deposits and Investments (Continued)

Investments

The County's investment policy applies to all financial assets held or controlled by Milwaukee County, other than pension fund assets, consistent with the intent of State of Wisconsin Statutes (S.66.0603(1m)) and Milwaukee County Ordinance.

The primary objectives of the County's Statement of Investment Policies is to preserve and protect investment principal, maximize the return on the investment portfolio, and to avoid assuming unreasonable investment risk. The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County's investment portfolio will remain sufficiently liquid to enable the County to meet reasonably anticipated day-to-day operating requirements. The County will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

As of December 31, 2007 the County had the following investments:

Investment Type		Fair Value
U S Agency	$	51,799
Government Agency Guaranteed Adjustable Rate Securities		33,839
Government Guaranteed Adjustable Rate Securities		6,810
U S Treasuries		23,398
AAA Municipal Bonds		10,963
Municipal Adjustable Rate Notes		2,000
Guaranteed Investment Contracts		7,857
Corporate Bonds		12,111
Investment in Money Market Funds		82,157
Certificates of Deposit		30,000
Totals	**$**	**260,934**

Custodial Credit Risk-Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are held by the counterparty's trust department or with its agent in the County's name. The County's investment policy states that all securities shall be properly designated as an asset of Milwaukee County and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United

Note 3- Deposits and Investments (Continued)

Custodial Credit Risk-Investments (Continued)

States Government or the State of Wisconsin and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the County Treasurer or a designee. The County does not have any investments exposed to custodial credit risk.

Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County's investment policy, the County attempts to match its investments with anticipated cash flow requirements to the extent possible. In the absence of individual security maturity limitations specified in the Wisconsin State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase. For adjustable rate securities, the time to coupon reset is used as the effective maturity period.

As of December 31, 2007, the County had the following investments and maturities:

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U S Agency	$ 51,799	$ 14,978	$ 34,763	$ 2,058	$ -
Government Agency Guaranteed Adjustable Rate Securities	33,839	28,176	5,663	-	-
Government Guaranteed Adjustable Rate Securities	6,810	6,810	-	-	-
U S Treasuries	23,398	-	23,398		
AAA Municipal Bonds	10,963	-	9,954	-	1,009
Municipal Adjustable Rate Notes	2,000	-	-	-	2,000
Guaranteed Investment Contracts	7,857	-	-	-	7,857
Corporate Bonds	12,111	-	8,058	4,053	-
Investment in Money Market Funds	82,157	82,157	-	-	-
Certificates of Deposit	30,000	30,000	-	-	-
Totals	$ **260,934**	$ **162,121**	$ **81,836**	$ **6,111**	$ **10,866**

Credit Risk-Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's Investor Service or Standard & Poor's) gives an indication of the degree of credit risk for that security. Listed below are the County's investments with the

Note 3- Deposits and Investments (Continued)

Credit Risk-Investments (Continued)

corresponding credit quality ratings: The County does not have an investment policy pertaining to credit risk.

Investment Type		Fair Value	Standard & Poor's	Moody's Investor Service
U S Agency	$	51,799	AAA	Aaa
Government Agency Guaranteed Adjustable Rate Securities		33,839	AAA	Aaa
Government Guaranteed Adjustable Rate Securities		6,810	AAA	Aaa
U S Treasuries		23,398	AAA	Aaa
AAA Municipal Bonds		10,963	AAA	Aaa
Municipal Adjustable Rate Notes		2,000	AAA	Aaa
Guaranteed Investment Contracts		7,857	N/A	N/A
Corporate Bonds		12,111	AAA	Aaa
Investment in Money Market Funds		82,157	AAA	Aaa
Certificates of Deposit		30,000	N/A	N/A
Totals	$	**260,934**		

Concentration of Credit Risk-Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's written investment policy states that investments held by the County shall be diversified to control the risk of loss resulting from over concentration of investments in a specific maturity, issuer, instrument/and or class of instrument(s), and dealers through whom securities are brought and sold. The County's written investment policy also places limits on the percentage of the portfolio that may be invested in each type of investment. The following percentage ranges of portfolio investments apply to the investment categories currently allowed by Wisconsin Statute:

- Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission 0-50%
- U. S. Treasury and Other Federal agency/instrumentality securities 0-100%
- Corporate securities, including commercial paper 0-25%
- Municipal securities 0-25%
- Local Government Pooled Investment Fund of the State Investment Board 0-50%
- Repurchase agreements with public depository institutions (only) and where specific and appropriate collateral is provided 0-50%

Note 3- Deposits and Investments (Continued)

Concentration of Credit Risk-Investments (Continued)

- Securities of an open-end management investment company or investment trust, investing in statutorily allowed securities 0-25%
- All other security types, when and if authorized in the future by amendment to Wisconsin statute 0-25%

Note: It is understood that on an occasional and short-term basis, usually less than a month, it may be necessary to exceed the 50% maximum investment, per institution in the Local Governmental Pooled Investment Fund of the State Investment Fund.

The County's investment policy also limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

At December 31, 2007, the County is not exposed to a concentration of credit risk.

Cash Deposits-Pension Trust Fund

The carrying amount of Pension Trust Fund deposits at December 31, 2007 was $ 17,292 and the bank balance was $ 20,965.

Custodial Credit Risk Deposits-Pension Trust Fund

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Deposits with banks are insured by the FDIC in the amount $ 100 and in the amount of $ 400 by the State Deposit Guarantee Fund. Deposits in excess of $ 500 are uninsured and uncollateralized. As of December 31, 2007, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk.

Investments-Pension Trust Fund

The Pension Board has exclusive control and management responsibility of the Pension Trust Funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of

Note 3- Deposits and Investments (Continued)

Investments-Pension Trust Fund (Continued)

their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal.

Investments in primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximated fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Pension Trust Fund's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

As of December 31, 2007 the Pension Trust Fund had the following investments:

Investment Type	Fair Value
Domestic Common and Preferred Stocks	$ 491,565
Corporate Bonds and Conv Debentures	588,886
International Common and Preferred Stocks	319,483
Federal Agency and Mortgage-Backed Certificates	52,944
International Fixed Income	29,056
US Government, State Obligations	32,931
Real Estate Investments Trusts	54,268
Venture Capital	24,838
Totals	**$ 1,593,971**

Custodial Credit Risk-Investments-Pension Trust Fund

Custodial credit risk for investments is the risk that, in the event a counterparty fails, the Pension Trust Fund will not be able to recover the value of investments or securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Pension Trust Fund's name and are held by the counterparty. Substantially all of the assets of the Pension Trust Fund are held in its name. Repurchase agreements held by the Pension Trust Fund are essentially collateralized overnight loans, with the securities held by the counterparty as collateral. These securities are held by the counterparty but not in the Pension Trust Fund's name. As of December 31, 2007, $ 3,667 of the collateral for the repurchase agreements was exposed to custodial risk because it is held outside of the trust's name. The Pension Trust Fund does not have a formal policy for custodial credit risk.

Note 3- Deposits and Investments (Continued)

Interest Rate Risk-Investments Pension Trust Fund

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows. The Pension Trust Fund does not have a formal policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2007 the Pension Trust Fund had the following option-adjusted durations for the fixed income investment:

Fixed Income Sector	Fair Value	Option-Adjusted Duration (In Years)
Asset Backed Securities	$ 8,480	2.65
CM Backed Securities	4,888	3.65
CMO Corporate	11,700	2.57
CMO Government Agencies	28,237	4.72
Corporate	175,715	6.49
Energy	1,744	0.61
Financials	500	3.43
Government	35,973	8.53
Health Care	2,535	1.51
Information Technology	3,493	2.02
Other	54,017	0.08
U.S. Convertibles	692	3.95
U.S. Gov't Mortgages	18,395	3.82
U.S. Private Placements	8,368	5.42
U.S. Taxable; Muni Bonds	1,272	8.66
Non U.S.	17,481	2.89
Other*	347,617	N/A
Totals	**$ 721,107**	

* Includes $ 345,310 invested in bond mutual funds for which the duration was not available.

Credit Risk-Investments-Pension Trust Fund

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's

Note 3- Deposits and Investments (Continued)

Credit Risk-Investments-Pension Trust Fund (Continued)

Investor Services (Moody's), Standard & Poor (S & P) and Fitch Ratings (Fitch's) gives an indication of the degree of credit risk for that security. With the exception of the Loomis Sayles-High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P and Fitch's). The average quality of each portfolio must be better than A3 (Moody's) or A- (S & P and Fitch's). For Loomis Sayles-High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P and Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of (Moody's) or A- (S & P and Fitch's), with the exception of 15% of the portfolio, which may have a minimum quality rating of Baa2 (Moody's) or BBB (S & P and Fitch's).

As of December 31, 2007 the Pension Trust Fund had the following average credit quality ratings of investments in fixed income securities:

Average Quality Ratings *		Fair Value
AAA	$	26,115
AA1		3,848
AA2		3,004
AA3		2,407
A1		8,849
A2		45,020
A3		7,898
BAA1		16,672
BAA2		19,980
BAA3		32,189
BA1		15,598
BA2		14,715
BA3		12,084
B1		19,731
B2		5,584
B3		4,266
CAA1		14,290
NR		20,382
Total Credit Risk Fixed Income Securities		272,632
U.S. Government and Agencies		85,875
Mutual Funds (Not Rated)		345,310
Total Investment in Fixed Income	$	**703,817**

*This represents the average rating of the Moody's, S & P and Fitch's rating services. The rating symbols are those used by Moody's.

Note 3- Deposits and Investments (Continued)

Concentration of Credit Risk-Investments-Pension Trust Fund

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U. S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. For the year ending December 31, 2007, the Pension Trust Fund has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of total plan net assets.

Foreign Currency Risk Investments-Pension Trust Fund

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Pension Trust Fund's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments.

As of December 31, 2007 the Pension Fund had the following investments exposed to foreign currency risk:

Current Unit	Fixed Income Incl Conv Deb	Cash and Cash Equivalents	Total
Australian Dollar	$ 1,682	$ -	$ 1,682
Brazilian Real	1,455	-	1,455
British Pond Sterling	-	4	4
Canadian Dollar	4,273	-	4,273
Euro Currency Unit	-	4	4
Iceland Krona	1,909	-	1,909
Mexican New Paso	2,747	-	2,747
Singapore Dollar	2,378	-	2,378
South Korean Won	1,624	-	1,624
Thailand Baht	1,413	-	1,413
Totals	**$ 17,481**	**$ 8**	**$ 17,489**

The Pension Trust Fund does not have a policy for foreign currency risk.

Note 4- Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectibles accounts, are as follows:

Note 4- Receivables (Continued)

	General	Debt Service	Capital Projects	Nonmajor Funds	Total
Receivables:					
Accounts	$ 21,094	$ -	$ -	$ -	$ 21,526
Taxes:					
Current Levy	250,733	-	-	-	250,733
Delinquent	11,778	-	-	-	11,778
Interest	5,615	-	-	-	5,615
Notes	1,260	2,759	-	-	4,019
Other	8,730	-	109	-	8,839
Due from Other Governments	36,168	-	610	-	36,778
Gross Receivables	335,378	2,759	719	-	338,856
Less: Allowance for Uncollectibles	(9,367)	-	-	-	(9,367)
Net Total Receivables	$ 326,011	$ 2,759	$ 719	$ -	$ 329,489

Of the delinquent taxes receivable of $ 11,778, $ 6,490 are not expected to be collected within one year.

At December 31, 2007 accounts receivable and the allowance for uncollectibles accounts of the Enterprise funds are as follows:

	Airport	Transit System	Total
Receivables:			
Accounts	$ 4,976	$ -	$ 4,976
Other	79	3,769	3,848
Due from Other Governments	-	3,620	3,620
Gross Receivables	5,055	7,389	12,444
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	$ 5,055	$ 7,389	$ 12,444

All amounts are expected to be collected within one year.

The gross amount of notes receivable consisted of the following at December 31, 2007:

General Fund	$ 1,260
Debt Service Fund	2,759
Total Notes Receivable	$ 4,019
Amounts Due Within One Year	$ 1,124
Amounts Due In More Than One Year	$ 2,895

Note 4- Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

Unearned Revenue - Governmental Activities:	
2007 Property Tax Levy	$ 250,733
Delinquent Tax Receivables	5,337
State and Federal Revenue Unavailable for Current Expenditures	2,615
Other Unearned Revenue	4,339
Deferred Credits – Behavioral Health	113
Total Deferred Revenue	**$ 263,137**
Deferred Credits – Public Works Services	220
Less: Amounts Earned but Not Available	(11,971)
Net Unearned Revenue	**$ 251,386**

Unearned Revenue - Business-Type Activities:	
Airport – Lease Revenue	$ 13,061
Deferred Credits – Transit	2,899
Total Unearned Revenue	**$ 15,960**

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Note 5- Capital Assets

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2007.

	Beginning Balance	Transfer of Behavioral Health Assets	Subtotal After Transfer of Behavioral Health Assets	Increases	Decreases	Ending Balance
Governmental Activities						
Capital Assets, not being Depreciated:						
Land	$ 59,520	$ -	$ 59,520	$ -	$ -	$ 59,520
Construction in progress	60,155	754	60,909	36,865	(79,687)	18,087
Total Capital Assets, not being Depreciated	**119,675**	**754**	**120,429**	**36,865**	**(79,687)**	**77,607**
Capital Assets, Being Depreciated						
Land Improvements	197,469	1,634	199,103	31,110	-	230,213
Buildings	548,230	24,352	572,582	12,050	-	584,632
Fixed Equipment Buildings	31,595	13,176	44,771	4,409	-	49,180
Infrastructure	132,048	-	132,048	8,578	(2,564)	138,062
Machinery and Equipment	77,604	5,094	82,698	7,677	(161)	90,214
Vehicles and related Equipment	36,691	-	36,691	2,903	(619)	38,975
Furniture and Fixtures	2,583	-	2,583	120	-	2,703
Total Capital Assets, Being Depreciated	**1,026,220**	**44,256**	**1,070,476**	**66,847**	**(3,344)**	**1,133,979**
Less: Accumulated Depreciation						
Land Improvements	(109,030)	(1,478)	(110,508)	(9,997)	-	(120,505)
Buildings	(263,354)	(17,423)	(280,777)	(16,698)	-	(297,475)
Fixed Equipment Buildings	(14,328)	(11,475)	(25,803)	(2,610)	-	(28,413)
Infrastructure	(54,735)	-	(54,735)	(7,031)	2,564	(59,202)
Machinery and Equipment	(46,099)	(4,851)	(50,950)	(7,774)	39	(58,685)
Vehicles and related Equipment	(23,989)	-	(23,989)	(2,390)	549	(25,830)
Furniture and Fixtures	(709)	-	(709)	(76)	2	(783)
Total Accumulated Depreciation	**(512,244)**	**(35,227)**	**(547,471)**	**(46,576)**	**3,154**	**(590,893)**
Net Capital Assets Being Depreciated	**513,976**	**9,029**	**523,005**	**20,271**	**(190)**	**543,086**
Governmental Activities Capital Assets-Net	**$ 633,651**	**$ 9,783**	**$ 643,434**	**$ 57,136**	**$(79,877)**	**$ 620,693**

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2007 are comprised of the following:

General Capital Assets, Net	$563,141
Internal Service Fund Capital Assets, Net	57,552
Total Capital Assets, Net	**$620,693**

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Legislative and Executive, and Staff	$	4,318
Courts and Judiciary		52
General Governmental Services		72
Public Safety		6,693
Public Works and Highways		15,639
Human Services		4,051
Parks, Recreation, and Culture		15,751
Total Depreciation Expense	$	**46,576**

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2007.

	Beginning Balance	Transfer of Behavioral Health Assets	Subtotal After Transfer of Behavioral Health Assets	Increases	Decreases	Ending Balance
Business-type Activities						
Capital Assets, *not being* Depreciated						
Land	$ 22,441	$ -	$ 22,441	$ 14	$ (1,089)	$ 21,366
Construction in progress	103,776	(754)	103,022	27,982	(114,558)	16,446
Total Capital Assets, *not being* Depreciated	**126,217**	**(754)**	**125,463**	**27,996**	**(115,647)**	**37,812**
Capital Assets, Being Depreciated						
Land Improvements	127,123	(1,634)	125,489	19,756	(3,702)	141,544
Buildings	193,684	(24,352)	169,332	27,791	(31,606)	165,517
Fixed Equipment Buildings	103,279	(13,176)	90,103	84,154	(9,279)	164,978
Machinery and Equipment	15,173	(5,094)	10,079	1,903	(312)	11,670
Vehicles and related Equipment	151,103	-	151,103	3,593	(40)	154,656
Furniture and Fixtures	2,412	-	2,412	-	(2)	2,409
Total Capital Assets, Being Depreciated	**592,774**	**(44,256)**	**548,518**	**137,197**	**(44,941)**	**640,774**
Less: Accumulated Depreciation						
Land Improvements	(83,806)	1,478	(82,328)	(5,880)	2,088	(86,120)
Buildings	(144,069)	17,423	(126,646)	(2,618)	25,990	(103,275)
Fixed Equipment Buildings	(27,420)	11,475	(15,945)	(5,644)	14	(21,575)
Machinery and Equipment	(9,518)	4,851	(4,667)	(1,166)	301	(5,532)
Vehicles and related Equipment	(89,389)	-	(89,389)	(10,895)	41	(100,242)
Furniture and Fixtures	(1,479)	-	(1,479)	(87)	16	(1,550)
Total Accumulated Depreciation	**(355,681)**	**35,227**	**(320,454)**	**(26,290)**	**28,450**	**(318,294)**
Net Capital Assets Being Depreciated	**237,093**	**(9,029)**	**228,064**	**110,907**	**(16,491)**	**322,480**
Business-type Activities Capital Assets- Net	**$ 363,310**	**$ (9,783)**	**$ 353,527**	**$ 138,903**	**$ (132,138)**	**$ 360,292**

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Airport	$	13,795
Transit System		13,023
Total Depreciation Expense	$	**26,818**

Increases in accumulated depreciation of $ 26,290 include depreciation expense of $ 26,818 and adjustments during the year of $ 528 so as to agree to asset values in County capital asset detail. The adjustment was for assets that had been depreciated and eliminated from presentation in prior year financials but should have continued to be presented. A similar increase was made to capital assets for this adjustment.

Discretely Presented Component Units

Of the County's four component units, two have reportable capital assets, the Marcus Center for the Performing Arts, the Milwaukee Public Museum.

The capital assets of the Marcus Center for the Performing Arts consist of the following:

Building Improvements	$	16,943
Parking Structure and Improvements		2,439
Furniture and Fixtures		65
Equipment and Computers		1,666
Less: Accumulated Depreciation		(9,900)
Total Capital Assets, Net	$	**11,213**

The capital assets of the Milwaukee Public Museum consist of the following:

Construction in progress	$	936
Building additions and improvements		19,221
Furniture, equipment and exhibits improvements		9,444
Living Collections		24
Less: Accumulated depreciation		(9,616)
Total Capital Assets, Net	**$**	**20,009**

The former Private Industry Council of Milwaukee County has new leadership and has been removed from the County's financial statements

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Construction Commitments

Following is a list of major capital projects either started or continuing in 2007. These reflect projects for both governmental funds and proprietary funds.

Project Area	Project Description	2007 Appropriations	2007 Expenditures	Committed
Airport	"C" Concourse Four Gate Expansion	$ 18,972	$ 15,641	$ 1,993
Airport	Compressed Natural Gas Facility	511	143	348
Airport	D Concourse Improvements	1,893	1,605	57
Airport	Firehouse Road Replacement Basic	980	748	93
Airport	GMIA- Bag Claim Remodeling	1,320	140	721
Airport	GMIA- C Concourse Gate Taxiway	3,270	211	74
Airport	GMIA- E Concourse Stem Remodeling	7,418	4,833	875
Airport	GMIA- In-line Baggage Screening	13,418	4,144	4,439
Airport	GMIA- Outer Taxiway Extension	1,104	1,090	8
Airport	GMIA- Part 150 Noise Study	709	378	217
Airport	GMIA- Pavement Rehabilitation	740	675	19
Airport	GMIA- Phase I Mitigation Program	2,281	163	906
Airport	GMIA- Runway Safety Improvement	1,026	227	420
Airport	GMIA- South Maintenance Road	1,515	605	106
Airport	GMIA- Terminal Road Reconstruction	493	227	60
Airport	GMIA-C Concourse Hydrant Fuel	2,186	200	114
Airport	Interactive Training Kiosks	562	150	412
Airport	LJTA- Pavement Rehabilitation	332	76	-
Airport	LJTA- R/W & TW Rehabilitation	158	225	-
Airport	LJTA Security Card Access Upgrade	153	152	-
Airport	North Fixed Based Operator Apron	681	124	-
Airport	Runway Safety Area - NEPA Compliance	799	352	367
Airport	Terminal HVAC Replacements Basic	2,038	1,144	729
Airport	West Perimeter Road Construction	61	62	-
BHD	Fire Alarm System - Elevator C	316	193	-
BHD	Psychiatric Fire Alarm System	274	305	10
Central Services	CATC "C" Building Roof Replace	1,060	501	106
Central Services	County Grounds East Water Tower	746	116	18
Courthouse Complex	Courthouse Annex Renovation	2,152	674	318
Courthouse Complex	Courthouse Complex Automation and Access	551	97	381
Courthouse Complex	Courthouse HVAC System Basic Planning	181	73	71
Courthouse Complex	Criminal Justice Facility Inmate Elevator Upgrade	716	482	204
Environmental	Bradford Outfall Basic Planning	1,733	243	491
Environmental	Countywide Sanitary Sewers Repair	3,056	1,982	351
Environmental	NPS - Grantosa Creek	177	144	24
Environmental	Pond and Lagoon Demonstration	612	68	194
Highways	Bridge Rehabilitation- West Hampton Avenue Bridge	15	53	-
Highways	Honey Creek Bridge #779	676	313	285

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2007 Appropriations	2007 Expenditures	Committed
Highways	Honey Creek Parkway Bridge #780	$ 677	$ 235	$ 376
Highways	Mill Road 91st to South 45 Basic	443	153	13
Highways	Milwaukee River Parkway Bridge	1,917	69	7
Highways	NHS East College/South Howell	604	93	44
Highways	NHS Good Hope/South 107th- North Port Road	307	69	57
Highways	Reconstruct CTH "V" South 13th	569	138	13
Highways	Reconstruct Hampton From 92nd	610	163	11
Highways	Reconstruct North Port Washington	688	238	18
Highways	South 76th Street- Puetz to Imperial	1,517	78	7
Highways	South. 76th Street to West. Forest Home	1,511	1,465	-
Highways	South. 76th Street West. Parkview Drive	3,922	2,759	345
Highways	West College Ave. Whitnall Park	30	70	-
Highways	West Oak Avenue Over Honey Creek	94	72	8
Highways	West Rawson Avenue 27th to 6th	162	210	8
Highways	West Rawson Avenue 27th To Ash	2,042	1,797	132
Highways	West Silver Spring Drive- North 124th	1,249	364	166
HOC	House of Correction Fire Suppression System	686	58	561
HOC	Lotter Replace-Convert HVAC	180	187	-
HOC	Replace Boiler Room Condensate	143	140	-
HOC	Replace Hot Water Heaters	210	159	43
HOC	Ventilate Tailor Shop	137	134	-
Human Services	Kelly-Bathroom Renovation Basic Planning	194	78	9
Human Services	Vliet Exterior Improvement	751	205	420
Human Services	West Entrance Accessibility	93	92	7
Museum	Electrical Distribution Replacement	1,245	293	75
Museum	Security/Fire/Life Safety System Replacement	136	139	3
Other Agencies	Back-Up and City Milwaukee Data Center	79	72	-
Other Agencies	Capital Monitoring Database	721	163	448
Other Agencies	Centralized Disc to Disc Backup	150	123	-
Other Agencies	Centralized Disk to Disk Backup	52	50	-
Other Agencies	County Special Assessments	284	268	-
Other Agencies	Criminal Justice Facility Property Room Conveyor Belt	150	129	1
Other Agencies	Fiber Backbone Construction & Installation	578	311	204
Other Agencies	Fleet Airport Equipment Construction	3,606	1,623	245
Other Agencies	Fleet General Equiopment Construction	2,005	1,135	865
Other Agencies	Historical Society Renovation	1,040	892	9
Other Agencies	IMSD- DP Equipment Construction	568	518	25
Other Agencies	Marcus Center T.W. Theater Electrical	136	108	14
Other Agencies	Milwaukee County Inclusive Housing Fund	2,000	383	-
Other Agencies	Rewire County Facilities Construction	543	94	69
Other Agencies	Server Virtualization Construction	207	192	5
Other Agencies	Storage Subsystem	52	60	-

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2007 Appropriations	2007 Expenditures	Committed
Other Agencies	Upgrade 64 Mobile Data Computers	$ 83	$ 70	$ 11
Other Agencies	War Memorial Center Renovation	265	64	120
Other Agencies	War Memorial HVAC Replacement Boiler	1,998	1,703	65
Other Agencies	Wil-O-Way Underwood Roof Replacement	139	102	-
Parks	Baran Park Facility Renovation	160	111	10
Parks	Bike Trail Development	202	110	-
Parks	Boerner Irrigation Basic Planning	185	128	41
Parks	Brown Deer Asphalt Construction	138	105	27
Parks	Countywide Play Area Redevelopment	493	508	27
Parks	Countywide Play Area Redevelopment	201	194	-
Parks	Countywide Trail and Hard Surface Program	363	233	5
Parks	Currie Golf Course Irrigation	363	77	236
Parks	Dineen Park Aquatic Splash Pad	562	282	292
Parks	Dineen Park Service Yard	111	83	32
Parks	Golf Course Improvements	246	172	11
Parks	Grant Park Golf Tee Renovation	217	197	21
Parks	Green Park Watermain	79	80	4
Parks	Greenfield Course Pavilion	30	120	-
Parks	Hansen Park Golf Course Parking	132	115	11
Parks	Jackson Picnic Comfort Building	143	51	-
Parks	Kosciuszko Gym Floor	174	116	59
Parks	Lake Park Lighthouse Renovate	1,142	1,120	52
Parks	Lake Park Stair Replacement	118	114	3
Parks	Lincoln Family Aquatic Center	1,137	251	37
Parks	Martin Luther King Jr. Auditorium Improvement	92	88	6
Parks	McCarty Park Changing Room	459	50	2
Parks	Menomonee River Streambank	301	288	55
Parks	Oak Leaf Bike Trail Saint Francis	79	69	-
Parks	Oak Leaf Bridge South Good Hope	148	127	40
Parks	Oak Leaf Trail Beloit Road	106	69	-
Parks	Oak Leaf Trail Loomis to Dretzka	322	278	16
Parks	Oak Leaf Trail- West Congress	555	71	-
Parks	Oakwood, Whitnall, and Brown Deer	126	66	-
Parks	O'Donnell Parking Structure-Gat	155	144	-
Parks	Pulaski Park Indoor Pool Roof	202	234	36
Parks	Ross Lodge Septic System	52	51	-
Parks	Saint Michaels/Meaux Park Playground	150	84	3
Parks	South Shore Bike Trail	2,329	2,206	450
Parks	South Shore Breakwater Basic Planning	606	176	20
Parks	Spall Repair & Paint	531	149	338
Parks	Wilson Park Recreation Center	1,262	172	116
Transit	Diesel Pump and UST Piping - F	150	133	-

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2007 Appropriations	2007 Expenditures	Committed
Transit	Oil Interceptor - Fiebrantz Washhouse	$ 235	$ 233	$ 15
Transit	On Bus Camera System	1,560	1,090	242
Transit	Replace Heater at Fond Du Lac Station	128	131	-
Transit	Replace Voice Response Unit MC	178	71	42
Transit	Schedule/Runcutting/Operators	356	273	86
Zoo	Asphalt Replacement Basic Planning	187	151	33
Zoo	Aviary Mesh Replacement/ Repair	59	56	-
Zoo	Aviary Skylight Replacement	232	228	7
Zoo	Brown Beer Restroom Basic Planning	102	93	6
Zoo	Electrical Distribution System	792	705	86
Zoo	Peck Welcome Center Restroom	177	154	19
Zoo	Small Mammal Renovations Basic Planning	112	88	21
Zoo	South Picnic Area Renovations Basic Planning	102	87	13

Capital outlays are reported as expenditures in the governmental funds and bond proceeds are reflected as revenue for projects built on behalf of the governmental funds. However, in the statement of activities, the cost of capital assets built for the governmental funds is allocated over their useful lives as depreciation expense, and the bond proceeds are no longer a revenue but an increase in the long-term liabilities. Similarly, the governmental funds also report the expenditures and associated revenues of building proprietary fund assets. However, in the statement of activities, the cost of building proprietary fund assets is reclassified as transfers between governmental and business-type activities.

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Note 6- Interfund Transfers

The composition of interfund transfers as of December 31, 2007 is as follows:

Transfers To	Transfers From						
	General Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Business Type Airport	Business Type Transit	Total
General Fund	$ -	$ 5,150	$ 23,367	$ 24,567	$ 12,238	$ 3,184	**$ 68,506**
Capital Projects	22,508	-	-				**22,508**
Debt Service	46,783	-	-				**46,783**
Internal Service							
Risk Management	135	-	-	-	-	-	**135**
IMSD	38,366	-	-	-	-	-	**38,366**
DPW	19,743	-	-	-	-	-	**19,743**
Business-type							
Airport	9,402	-	-	-	-	-	**9,402**
Transit	25,093	-	-	-	-	-	**25,093**
Total	**$ 162,030**	**$ 5,150**	**$ 23,367**	**$ 24,567**	**$ 12,238**	**$ 3,184**	**230,536**
Less: Government-wide eliminations							**(211,463)**
Total Transfers- Government-wide Statement of Activities							**$ 19,073**

No fund may have a reserve except for the Debt Service Fund and the Airport Fund. All funds that have a net increase at year-end must transfer that net increase to the General Fund. All funds that have a net decrease at year-end receive a transfer from the General Fund so that the fund breaks even for the year.

Note 7- Leases

Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were $ 2,878 for the year ended December 31, 2007.

The future minimum lease payments for these leases are as follows:

Year Ending December 31		Amount
2008	$	2,504
2009		2,284
2010		1,921
2011		622
2012		594
Total	$	**7,925**

Note 8- Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Transfer of Behavioral Health to General Fund	Subtotal After Transfer of Behavioral Health to General Fund	Additions	Amortized Accretion, Loss, Discount Premium	Payments and Adjustments	Ending Balance	Due in One Year
Governmental Activities:								
General Obligation Bonds	$ 418,112	$ 6,708	$ 424,820	$ 33,422	$ 692	$ (36,083)	$ 422,851	$ 43,790
Pension Obligation	25,636	-	25,636	-	-	(1,267)	24,369	4,155
Unfunded Claims and Judgments	10,000	-	10,000	10,500	-	(500)	20,000	750
Risk Claims	8,448	-	8,448	6,181	-	(5,640)	8,989	5,583
Landfill Post-closure costs	4,871	-	4,871	-	-	(636)	4,235	885
Other Post Employment Benefits	-	-	-	107,692	-	(60,076)	47,616	-
Compensated Absences	42,128	9,852	51,980	20,611	-	(20,166)	52,425	25,583
Totals	$ 509,195	$ 16,560	$ 525,755	$ 178,406	$ 692	$ (124,368)	$ 580,485	$ 80,746
Business-type Activities:								
General Obligation Bonds	$ 38,485	$ (6,708)	$ 31,777	$ 203	$ 32	$ (2,537)	$ 29,475	$ 3,242
Revenue Bonds	178,025	-	178,025	13,567	26	(7,405)	184,213	7,415
Other Post Employment Benefits-Transit	-	-	-	16,921	-	(16,921)	-	-
Other Post Employment Benefits-Airport	-	-	-	1,906	-	-	1,906	-
Compensated Absences	24,888	(9,852)	15,036	5,984	-	(8,710)	12,310	6,727
Risk Claims	14,459	-	14,459	11,786	-	(12,880)	13,365	6,216
Totals	$ 255,857	$ (16,560)	$ 239,297	$ 50,367	$ 58	$ (48,453)	$ 241,269	$ 23,600

Compensated Absences consist of the following:

Governmental Activities:	Beginning Balance	Transfer of Behavioral Health to General Fund	Subtotal After Transfer of Behavioral Health to General Fund	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Retirement sick pay payout	$ 24,979	$ 5,802	$ 30,781	$ 2,111	$ (5,572)	$ 27,320	$ 2,894
Vacation time earned	13,565	3,315	16,880	14,830	(11,147)	20,563	18,147
Overtime earned	1,212	531	1,743	1,268	(1,114)	1,897	1,897
Holiday pay	2,372	204	2,576	2,402	(2,333)	2,645	2,645
Totals	$ 42,128	$ 9,852	$ 51,980	$ 20,611	$ (20,166)	$ 52,425	$ 25,583

Note 8- Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

Compensated Absences consist of the following (continued):

Business-type Activities:	Beginning Balance	Transfer of Behavioral Health to General Fund	Subtotal After Transfer of Behavioral Health to General Fund	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Retirement sick pay payout	$ 15,422	$ (5,802)	$ 9,620	$ 1,040	$ (3,390)	$ 7,270	$ 1,687
Vacation time earned	8,569	(3,315)	5,254	4,574	(5,054)	4,774	4,774
Overtime earned	599	(531)	68	72	(70)	70	70
Holiday pay	298	(204)	94	298	(196)	196	196
Totals	$ 24,888	$ (9,852)	$ 15,036	$ 5,984	$ (8,710)	$ 12,310	$ 6,727

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end $ 61,910 of internal service funds long-term liabilities are included in the above figures. Also, for the governmental activities, claims and judgments and compensated absences are liquidated as they come due for payment and their adjustments are made at year end based on a detailed reevaluation of the account. As claims and judgments expenditures are incurred the general fund is used to liquidate the costs.

Prior to 2007, the Behavioral Health Division was reported as an enterprise fund. At December 31, 2006, it had a compensated absence liability of $9,852. During 2007, the County began reporting the Behavioral Health Division as part of the General Fund. As a result of this reporting change, $9,852 of liabilities related to compensated absences were transferred from the business-type activities to the governmental activities as shown in the schedules above. In 2007, in order to preserve the funding that had been set aside for this liability in prior years, the County contributed $9,259 to the Behavioral Health Division Special Revenue Fund. The $9,259 will be used towards future compensated absence costs for the Behavioral Health Division. The $9,259 represents the 2006 liability of $9,852 less $593 of sick leave payouts made to retirees during 2007.

Risk claims includes accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System.

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. At December 31, 2007 the outstanding amount of claims and judgments due within one year totaled $ 750. State and federal laws require the County to perform certain maintenance and monitoring functions

Note 8- Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

at all of its solid waste landfill sites. Since all of the County's eleven landfill sites are no longer accepting waste, the total future costs of $ 4,235 has been identified for maintenance and monitoring functions in accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The funding for these post-closure costs will be included in future County tax levies.

Governmental Activities

Proceeds from general obligation bonds issued during the year are budgeted for and recorded within the Capital Projects Fund and subsequently allocated to Business-Type Funds, where appropriate.

General obligation bonds are secured by the full faith; credit and unlimited taxing power of the County and are used to finance capital projects. General obligation bonds recorded in the Governmental Funds will be retired by future property tax levies and other resources accumulated in the Debt Service Fund.

Governmental Activities
General Obligation Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/07	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	$ 56,493	$ 7,926	$ 12,640
General Obligation Museum Refunding Bonds, Series 1999A	05/27/99	10/01/13	4.67%	2,290	1,060	184
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	31,030	14,757	1,885
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	45,622	3,273	327
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	44,860	6,264	505
Refunding Bonds (Taxable), Series 2001A	06/01/01	12/01/11	6.06%	2,610	1,000	155
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	45,376	25,828	2,116
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	37,830	20,599	5,150
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	55,841	21,307	2,130